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CHINA ORIENTAL GROUP COMPANY LIMITED 中國東方集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code : 581)

DISCLOSEABLE TRANSACTION REGARDING PROVISION OF FINANCIAL ASSISTANCE

The Board announces that on 14 December 2015, Beijing Jinxi Investment, Tianjin Tianzhong and China Minsheng Bank entered into the Entrustment Loan Agreement pursuant to which Beijing Jinxi Investment entrusted China Minsheng Bank to provide the Entrustment Loan of RMB400 million to Tianjin Tianzhong for a term of three years commencing from 14 December 2015 and expiring on 13 December 2018 at an interest rate of 12% per annum in accordance with the terms and conditions therein contained.

As the relevant percentage ratios in respect of the provision of the Entrustment Loan under the Entrustment Loan Agreement are exceed 5% but are less than 25% (and the assets ratios not exceeding 8%), the Entrustment Loan Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ENTRUSTMENT LOAN AGREEMENT

The Board announces that on 14 December 2015, Beijing Jinxi Investment, Tianjin Tianzhong and China Minsheng Bank entered into the Entrustment Loan Agreement pursuant to which Beijing Jinxi Investment entrusted China Minsheng Bank to provide the Entrustment Loan of RMB400 million to Tianjin Tianzhong for a term of three years commencing from 14 December 2015 and expiring on 13 December 2018 at an interest rate of 12% per annum in accordance with the terms and conditions therein contained.

PRINCIPAL TERMS OF THE ENTRUSTMENT LOAN AGREEMENT

Date

14 December 2015

Parties

Lender : Beijing Jinxi Investment
Entrusted Party : China Minsheng Bank
Borrower : Tianjin Tianzhong

Principal amount and term of the Entrustment Loan

The maximum principal amount of the Entrustment Loan is RMB400 million. The term of the Entrustment Loan is three years commencing on 14 December 2015 and expiring on 13 December 2018.

Repayment Schedule

Tianjin Tianzhong is obliged to repay the Entrustment Loan on 13 December 2018, the expiry date of the Entrustment Loan Agreement. Subject to having obtained prior written approval of Beijing Jinxi Investment, Tianjin Tianzhong may make early repayment of the Entrustment Loan and such early repayment sum will not be made available for subsequent drawdown by Tianjin Tianzhong.

Interest rate on the Entrustment Loan

The interest rate on the Entrustment Loan is at a rate of 12% per annum and the interest is payable on a monthly basis. In the event that Tianjin Tianzhong fails to pay the relevant interest in full on the relevant due date, Beijing Jinxi Investment is entitled to charge Tianjin Tianzhong damages on the overdue interest at a daily rate as specified in the Entrustment Loan Agreement. Subject to mutual agreement between Beijing Jinxi Investment and Tianjin Tianzhong and in compliance of the applicable law, the interest rate may be revised during the term of the Entrustment Loan Agreement.

Handling fee on the Entrustment Loan

China Minsheng Bank will charge a handling fee at a rate of 0.2% on the actual amount of the Entrustment Loan being advanced to Tianjin Tianzhong.

Security

The following securities will be created in favour of Beijing Jinxi Investment to secure the obligations of Tianjin Tianzhong under the Entrustment Loan Agreement:

1. Pursuant to a charge made between Beijing Jinxi Investment and Tianjin Tianzhong, Tianjin Tianzhong will charge certain of its machineries in favour of Beijing Jinxi Investment as security for the Entrustment Loan.

2. Pursuant to a guarantee agreement made between Beijing Jinxi Investment, Tianjin Giant and Mr. Zhao Jiangbin, the legal representative of Tianjin Tianzhong, Tianjin Giant will charge all its equity interest in Tianjin Tianzhong in favour of Beijing Jinxi Investment whereas Mr. Zhao Jiangbin will charge all his equity interest in Tianjin Giant and all his assets in favour of Beijing Jinxi Investment.

In the event that Tianjin Tianzhong is in default under the Entrustment Loan Agreement, Beijing Jinxi Investment is entitled to exercise its respective rights under the aforesaid charge and guarantee agreement.

Use of the Entrustment Loan

The proceeds of the Entrustment Loan shall be applied and used by Tianjin Tianzhong for financing its working capital needs.

REASONS AND BENEFITS FOR PROVISION OF FINANCIAL ASSISTANCE

The provision of Entrustment Loan under the Entrustment Loan Agreement will provide a better return on the Company's financial resources which is beneficial to the Company and the Group. In addition, in view of the past repayment schedule by Tianjin Tianzhong, Tianjin Tianzhong has a sound record and has never defaulted on repayment of the interest.

The terms of the Entrustment Loan Agreement was arrived at after arm's length negotiation between Beijing Jinxi Investment and Tianjin Tianzhong. The Directors (including the Independent Non-executive Directors) consider that the transactions contemplated under the Entrustment Loan Agreement are on normal commercial terms and the terms of the Entrustment Loan Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF BEIJING JINXI INVESTMENT

Beijing Jinxi Investment is a limited company established in the PRC and is a 97.6% indirectly owned subsidiary of the Company. It is principally engaged in investment business.

INFORMATION OF TIANJIN TIANZHONG

Tianjin Tianzhong is a limited company established in the PRC. It is principally engaged in manufacturing and sales of steel products. It is owned as to 61% and 39% by Tianjin Giant and Tianjin Xinhao Investment Development Co., Ltd. respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Tianjin Tianzhong, Tianjin Giant, Tianjin Xinhao Investment Development Co., Ltd. and their ultimate beneficial owners (including Mr. Zhao Jiangbin and Mr. Zhao Shugui) are third parties independent of the Company and not connected persons of the Company under the Listing Rules.

IMPLICATION UNDER THE LISTING RULES

As the relevant percentage ratios in respect of the provision of the Entrustment Loan under the Entrustment Loan Agreement are exceed 5% but are less than 25% (and the assets ratios not exceeding 8%), the Entrustment Loan Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Beijing Jinxi Investment”	Beijing Jinxi Investment Limited, a company established in the PRC and is a 97.6% indirectly owned subsidiary of the Company. It is principally engaged in investment business
“Board”	the board of Directors
“China Minsheng Bank”	China Minsheng Bank Corporation Limited, established in Beijing China on 1996, is a national joint-stock commercial bank with investments mainly from non-state-owned enterprises. Its shares were listed on the Shanghai Stock Exchange on 19 December 2000 (Stock Code 600016)
“Company”	China Oriental Group Company Limited, a company incorporated in the Bermuda and its issued Shares are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Entrustment Loan”	the entrustment loan in the maximum principal amount of RMB400 million advanced to Tianjin Tianzhong through entrusting China Minsheng Bank by Beijing Jinxi Investment pursuant to the terms of the Entrustment Loan Agreement
“Entrustment Loan Agreement”	the entrustment loan agreement entered into by Beijing Jinxi Investment, China Minsheng Bank and Tianjin Tianzhong on 14 December 2015
“Group”	collectively, the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Tianzhong”	Tianjin Tianzhong Giant Heavy Industry Co., Ltd., a limited company established in the PRC. It is principally engaged in manufacturing and sales of steel products. It is owned as to 61% and 39% by Tianjin Giant and Tianjin Xinhao Investment Development Co., Ltd. respectively
“Tianjin Giant”	Tianjin Giant Industrial Development Co., Ltd., a limited company established in the PRC. It is principally engaged in investment holding. It is owned as to 88.89% and 11.11% by Mr. Zhao Jiangbin and Mr. Zhao Shugui respectively

As at the date of this announcement, the Board of Directors of the Company comprises Mr. HAN Jingyuan, Mr. ZHU Jun, Mr. SHEN Xiaoling, Mr. ZHU Hao and Mr. HAN Li being the Executive Directors, Mr. Ondra OTRADOVEC being the Non-Executive Director and Mr. WONG Man Chung, Francis, Mr. WANG Tianyi and Mr. ZHOU Guoping being the Independent Non-Executive Directors.

By order of the Board
China Oriental Group Company Limited
HAN Jingyuan
Chairman and Chief Executive Officer

Hong Kong, 14 December 2015

This announcement is published on the websites of the Company (www.chinaorientalgroup.com) and the Stock Exchange (www.hkexnews.hk).

**For identification purposes only*